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Annual Subscription: \$1.37
Single Copy: 17 Agas
Vol. XXXVII, No. 9324



THE JERUSALEM POST

WEDNESDAY, JANUARY 4, 1961 • 16 Tevet, 5721 • 17 Nageb, 1360



Laos Accepts Peace Group 'On Condition'

LONDON (AP). — Prince Boun Oum of Laos advised British yesterday he is ready — on conditions — to allow a three-nation peace-making commission into his embattled country.
One official account of the Prince-Premier's stipulations — an account that could not be confirmed — foreboded emphatic protests from the Communist powers. According to this version Prince Boun Oum insisted:
1. The commission comprising India, Poland and Canada must have no dealing with the regime of fugitive Prince Souvanna Phouma. The Communists recognize Prince Souvanna as the lawful Laotian Premier.
2. All eight signatories of the 1954 Indo-Chinese peace settlement must agree to the revival of the Commission which quit work two years ago. They were the U.S., Britain, France, Russia, Communist China, Laos, Cambodia and the two regimes of divided Vietnam.
On the surface this second demand would seem to give the fiercely anti-Communist regime of South Vietnam a right to veto the commission's revival.
Earlier in the day a Foreign Office spokesman stressed that an identity of purpose exists between the U.S. and British Governments in the search for a short-term solution in Laos.
In Washington, the U.S. accused the Soviet Union and North Vietnam of allying "extensive war materials" and "substantial numbers" of North Vietnamese Communists into Laos in support of rebels there.
France, however, reiterated yesterday that it has no proof of any "external intervention" in Laos. A Foreign Ministry spokesman told a news conference that the Laotian situation is "extremely pre-occupied."

It manages to achieve all this with a relatively modest increase in the tax burden. Indeed, the aggregate amount of tax revenue has been estimated at \$11,095m, i.e. 13 per cent above the amount budgeted for the current fiscal year (although perhaps 15 per cent more than the amount collected), while the gross national product may go up again by about eight per cent, in real terms, plus another four per cent on account of higher wages and prices (incidentally included in the estimated expenditure). Thus the effective rise in the tax rate will be no more than three per cent. As a matter of fact, the yield in income tax may lag slightly behind the advance in personal incomes, leaving consumers with somewhat more disposable money incomes, though part of the increase will be offset by the new indirect taxation.
The increase in the purchase tax is intended to be largely absorbed in the current prices, so that its impact on the cost of living has been given by Mr. Eshkol as less than one per cent. The increase in stamp duties etc. will scarcely bother the man in the street. The tariff on imported machinery has long been advocated by economists. The new system of deducting income tax at source from interest may cause some inconvenience, but is presumably by far the best possible way out of the current fiscal impasse in this connection. Of more controversial nature is the sharp increase in the property tax rates, which are a bad substitute for outright income tax, but this has apparently been considered the best way to charge on the windfall gains resulting from the current rise in property values, which the long-betterment tax so conspicuously failed to do.
Turning to the expenditure side, we find that one quarter of the added \$11,095m. has been earmarked for higher government spending. This is expected to advance by over 5 per cent, mainly due to higher salaries. Another third of the added expenditure will go for higher payments on debts and investments, but the biggest increase will come in the transfer payments — including welfare spending, local authorities and subsidies — which are to rise by a full per cent. Indeed, the export and other foreign exchange premiums, agricultural and other subsidies will amount to \$1,250m. in the coming fiscal year, i.e. one-eighth of the entire government expenditure, and about one-fifth of the ordinary budget. Only about a tenth of this tremendous sum is to be covered by special surcharges, while most of it is financed from general revenue. Obviously this is the price we have to pay for maintaining the current official rate of exchange.
In the projected capital revenue the main deviations from the last budget's pattern are an expected rise in counterpart funds of foreign loans (foreboding the World Bank loan for the Ashdod port) and a drop in the income from local loans, in order to leave more room for private capital in the development expenditure. The amounts allocated for agriculture, industry, and electricity have been reduced, while bigger investments are earmarked for transport (which includes Ashdod and the Haifa shipping) tourism, irrigation, mining and housing, which latter rather unexpectedly comes to occupy the head of the line in the Development Budget. Though part of this sum is scheduled for the completion of past commitments, and for providing shelter for new immigrants, a review of the housing programme could perhaps result in some savings, which would be beneficial to the financial level, leaving funds for instance for the relief of farmers affected by the drought.

B-G Awaits Party's Bid To Settle 'Lavon Affair'

Jerusalem Post Political Correspondent
Prime Minister Ben-Gurion is now expected to go on extended leave before he takes any drastic decision concerning the future, to give his party time to work out a solution of the present crisis.
Ministers are now working on the possibility of appointing a legal inquiry into the "Affair" without actually invalidating the Ministerial Committee findings. This involves intricate legal questions and would require some time, making a breathing space essential.
The Mapai secretariat which is to meet in Tel Aviv tomorrow to continue its discussion of the present crisis will now be freed from the pressure of the imminent resignation of the part of Mr. Ben-Gurion which had cast its shadow on Saturday's lengthy meeting.
It is understood that legal experts are now examining the entire material concerning the "Affair" to find the proper legal basis for the appointment of a further inquiry.
The Mapai secretariat meeting is expected to adopt a decision on Mr. Lavon's statements before the Knesset Foreign Affairs and Security Committee, and their subsequent approval by the Cabinet. The Knesset Committee in connection with the "Affair" and the majority of the 12 secretariat members scheduled to speak is to account before the new by-unioned property tax to go up 70 per cent from \$1.2m to \$1.7m; and stamp duties from \$1.2m to \$1.4m.
Also announced are higher excise on cigarettes, beer, alcoholic drinks, petrol and kerosene, higher customs duties and increased charges for motorists. The income from foreign travel tax remains unchanged, and the tax return on cement will be down by 6 per cent — although an increased housing programme is budgeted.
Expenditure on the Government's administrative services will rise by \$1.4m, or proportionally less than the revenue from the new levies is expected to be about \$1.2m.

Taxes Up a Little on Most Goods To Help Cover \$11,869m. Budget

ESTIMATES UP 10%

By DAVID KRIVINE, Jerusalem Post Economic Reporter
The Government will spend \$11,869m. in the 1961-2 fiscal year, according to the Budget estimates that were tabled in the Knesset by the Finance Minister yesterday. This is a rise of \$118m., or just over 10 per cent on last year's estimates.

Tax Increases Listed

The following tax increases were announced by the spokesman of the Treasury's Inland Revenue Department in Jerusalem yesterday:
• A 20 per cent customs duty on all imported industrial and agricultural equipment;
• Duty on imported parts for the above equipment up from 10 to 20 per cent;
• The above increases will come into force on April 1. The following tax changes took effect midnight yesterday:
• Duties on coffee beans and cocoa butter (used in the manufacture of chocolate) up by \$1.15 a kilo;
• Tax on petrol, kerosene and diesel oil up by one agora a litre;
• Excise on alcoholic beverages up by 75 agoras to \$1.1 per litre of alcohol;
• Excise on beer up by 1 agorah a litre;
• Excise on cigarettes up by 4-1 agoras a package;
• Increased purchase tax of 5-10 per cent on carpets, heating stoves, cosmetics, nylon stockings, knitted materials, corsetry, cloth, worsted yarn, and light beverages;
• Purchase tax of 10-15 per cent will be imposed on doors, windows and their frames (except in immigrant housing), nails and screws, plastic containers, car tires, ice cream and preserved fruit.
Taxes are also up on cigars, tobacco and a small number of additional commodities. Total revenue from the new levies is expected to be about \$1.2m.

Eshkol: It Shouldn't Hurt Public

Jerusalem Post Knesset Reporter
Faced with the choice of making substantial tax increases on a small number of items, or making slight increases over a broad front, the Government had decided on the latter, Minister of Finance Levi Eshkol said in his Budget speech yesterday.

He said that this method had the advantage — because the tax increase in each case was a modest one — of not necessarily entailing a price rise: there was no basis for apprehension that the tax increases announced yesterday would result in a wave of increased prices.
But even if the new taxes should be completely expressed in price rises — something he considered quite reasonable — the Cost-of-Living Index would not rise by more than one point.

Mr. Eshkol gave notice that an administrative order would be issued requiring banks to deduct at source a percentage of the interest they pay depositors as advance payment on account of the income tax payable by the recipient of the interest.
He also said that the applicability of the Purchase Tax Law would be broadened. It being planned that this tax should yield \$1,200m.
But the Minister insisted that even after all these tax increases, the disposable income of the general public would be 12 per cent higher in the coming year.
Reviewing the economy in 1960 Mr. Eshkol said that production had risen by eight per cent. Because of the drought, the increase was less than in 1959, the drought having kept the rise in agricultural production down to four per cent. Industrial production, on the other hand, rose by 13-14 per cent. About 56 p.e. of the increased production was diverted to raising the level of private consumption.
Exports expanded rapidly during the year, having risen by 24 p.e. in volume and by 21 p.e. in value. The discrepancy in value due to the drop in the exchange rate.

Rabat Parley Delayed Till Today

CASABLANCA (AP). — The Rabat Conference of African leaders to discuss problems including the Congo and Algeria, was last night postponed until this morning because some of the delegates arrived late.

Trade Pact With Turkey Extended

The Turco-Israeli trade pact has been extended for a further year until next December, it was announced in Jerusalem yesterday.

The new agreement, signed in Ankara on Monday, provides for Israel to send Turkish goods to the value of \$11.4m. apart from sales at the Izmir Trade Fair which in each of the past few years amounted to about \$1m. and sections from Government departments which have been about \$2.5m. The total will be similar to last year's.
Turkish sales to Israel will amount to \$11.5m.
As in previous years, Turkey will receive mainly vehicles, tires, medicaments and glassware in exchange for sugar, cotton, timber and hides.

Turkey Releases Trawler Snuit

POST Diplomatic Reporter
The Turkish authorities yesterday informed the Israeli Legation in Ankara that the confiscated fishing trawler "Snuit" has been released.
The "Snuit" has been in Turkish custody since September 1959, when the trawler with its five Israeli fishermen was detained by a Turkish coastal patrol off the Turkish coast. The fishermen were released last November.

Chinese Army Alert On Burmese Border

RANGOON (Reuters). — Chinese forces on the Burmese border have been alerted following clashes between Burmese troops and Chinese Nationalist remnants. It was stated here yesterday by Chinese Communist and Burmese sources.
Newspapers carried Bangkok reports that Communist Chinese troops were assisting the Burma Army to put down disturbances in Kengtung State, but the sources here denied that Communist troops had crossed into Burma.
The alert was announced on the second day of a visit here by the Chinese Prime Minister, Mr. Chou En-lai, with a large delegation for today's independence day celebrations.
(Bar-Mitva — Page 6)

Weather and Work will have no effect.

If with "Anuga" your hands you protect

"EHEMME" HAND CREAM "ANUGA" IS THE ONLY CREAM IN ISRAEL CONTAINING VITAMIN "F" AND CORDIANINE TO PROTECT THE SKIN OF YOUR HANDS

To Mr. MEYER HALEVY and his family
We join you in your deep sorrow on the passing away of the head of your family

AHARON HALEVY

S. A. SOMERFIN GENEVA
SOMERFIN (LIBERIA) CORP. MONROVIA

Congress Honours First Collective

Jerusalem Post Reporter
Dignified mother of kvelut, was hailed last night by the Zionist Congress, on the first collective settlement's jubilee. An audience of 1,000 gave a rousing tribute to a group of grey-haired founders of the Jordan Valley kibbutz as they took their places on the platform.

Mr. Moshe Sharet said that this handful of young halutzim 50 years ago determined the history of settlement in this country. He described Degania as the first cell of cooperative living, the first halutzic project for new agricultural reclamation, and the first Jewish colony east of the River Jordan. He also paid tribute to the late Arthur Ruppin, without whom he said, Degania might never have been.

The climax of the moving ceremony occurred when one of Degania's founders, Mr. Yosef Baratz, said, "In all sincerity, I tell you that we, the founders and those who came after us, received from the Land, Degania and communal life much more than we gave."

Greetings were presented by representatives of five kibbutz movements — the Knesset Speaker, Mr. Kadish Loe, a native of Degania, and the first Jewish colony east of the River Jordan. He also paid tribute to the late Arthur Ruppin, without whom he said, Degania might never have been.

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With deep sorrow we announce the passing away of the beloved and revered Head of our Family

AHARON HALEVY

The funeral will leave today, Wednesday, January 4, 1961, at 11 a.m. from 2 Sderot Chan, Tel Aviv, for the Hahitit Yitzhak cemetery.

In the name of the bereaved family:

ZIPPORA, Wife, MEYER SON.
FIMA Daughter-in-Law
DANIELA Granddaughter.

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MANAYELLE AND BOEING, RECORD-SETTING IN FIRST TRAVEL ON THE WORLD'S LARGEST AIRLINE